



9M 2017 BUSINESS ACTIVITY AND REVENUE

Paris, Wednesday 25 October 2017

GOOD MOMENTUM FOR BUSINESS ACTIVITY IN RESIDENTIAL REAL ESTATE AND REVENUE GROWTH

- 14,508 reservations in Residential real estate¹, including 12,615 new home reservations (up 18% by volume and 23% by value)²
- Commercial real estate order intake: €143 million
- Development backlog: €4.5 billion (up 11%)
- Revenue: €2,250 million (up 11%)

OUTLOOK CONFIRMED AND PARTIALLY REVISED UPWARDS³

- Growth in Nexity's new home reservations in a French market now expected to improve slightly in 2017 (130,000 reservations vs. 127,000 previously), with Nexity increasing its market share by at least 1 percentage point (i.e. to more than 13.5% market share)
- Commercial real estate order intake in excess of €350 million in 2017
- 2017 revenue growth of around 10%
- Growth in current operating profit: now expected to be at least €300 million in 2017 (vs. €300 million previously) and at least €325 million in 2018
- Dividend per share at €2.40 in 2018⁴

The financial data and indicators used in this press release, including forward-looking information, are based on Nexity's operational reporting, with joint ventures proportionately consolidated.

¹ Including new homes, subdivisions and International

² On a like-for-like basis: 11,165 new home reservations (up 7% by volume and up 11% by value)

³ Outlook announced on 22 February 2017, partially revised upwards in October 2017

⁴ Pending the decision of Nexity's Board of Directors and approval at the Shareholders' Meeting



Alain Dinin, Chairman and CEO of Nexity, commented:

“The French residential real estate market remains buoyant, and is expected to show a slight increase for 2017 as a whole, to 130,000 reservations, a record high. Sustained by continued low interest rates, appropriate tax incentives and – on a more fundamental level – the strong structural demand for new homes, particularly in supply-constrained areas, this market buoyancy is healthy and is not accompanied by pressures on selling prices. After intentionally implementing a prudent sales and marketing strategy in the second quarter, Nexity recorded an acceleration in new home reservations during the third quarter as anticipated. With a rise of nearly 20% in reservations for the first nine months of the year (resulting both from organic growth and the full-year impact of Edouard Denis, whose performance was excellent), Nexity has increased its market share growth target to at least 1 percentage point (i.e. to more than 13.5% market share) in 2017.

The French government announced a new set of housing measures in September 2017. Nexity has widely communicated its assessment of these measures, which are seen as having a positive impact in a number of areas (in particular the four-year extensions for both the Pinel scheme and the PTZ interest-free loans) and are likely to be beneficial for the markets in which Nexity operates. However, they do not address all areas of concern in the housing sector and therefore may have an effect on new home construction going forward without necessarily lowering land prices in the short term. We can only hope that the parliamentary debate will result in improvements to the government’s proposals (especially with regard to social housing operators, areas deemed not to be subject to supply constraints and housing subsidies provided to first-time buyers from low-income households).

Furthermore, results turned in by Nexity’s other divisions were very satisfactory, and this was especially true for real estate services to individuals.

Nexity’s consolidated revenue was up 11% in the first nine months of the year, in line with the guidance given to the market. Nexity confirms its outlook for 2017 as a whole, and has partially revised it upwards. Lastly, the Group’s transformation towards becoming a client-focused, real estate services platform is continuing, on the basis of a strategic plan whose elements will be communicated to the market in 2018.”



9M 2017 business activity

Residential real estate

In the first half of 2017, the French retail market for new homes held steady at a high level (more than 62,000 units⁵, down just 0.5% compared with the first half of 2016), still supported by very low interest rates as well as an overall improvement in economic conditions.

Despite a lingering wait-and-see attitude due to political and regulatory uncertainties, the market remained buoyant. It is for these reasons that Nexity now anticipates slight growth in the French housing market in 2017, to 130,000 reservations (compared with holding firm at 127,000 units as previously estimated), with a probable acceleration in areas that will soon no longer benefit from stimulus measures.

After bottoming out in November 2016 (at an average of 1.31%), mortgage rates have been stable since June 2017, at 1.56% on average in September 2017.⁶

<i>Reservations (units and €m)</i>	9M 2017	9M 2016	Change %
New homes (France)	12,615	10,692	+18.0%
<i>o/w external growth*</i>	1,450	295	x 4.9
Subdivisions	1,681	1,491	+12.7%
International	212	338	-37.3%
Total reservations (number of units)	14,508	12,521	+15.9%
New homes (France)	2,429	1,974	+23.0%
<i>o/w external growth*</i>	294	48	x 6.1
Subdivisions	130	110	+19.0%
International	29	58	-49.6%
Total reservations (€m incl. VAT)	2,588	2,142	+20.8%

* Edouard Denis has been consolidated since 1 July 2016 and Primosud since 31 December 2016

New homes

At end-September 2017, net new home reservations in France totalled 12,615 units, up 18% by volume and 23% by value on the same period in 2016. Expected revenue from reservations rose more sharply than reservation volumes, particularly as a result of an increase in average prices (for both retail sales – see table below – and bulk sales), together with a better geographic and product mix for bulk sales.

With respect to their geographic distribution, 88% of the reservations recorded over the first nine months of 2017 were located in supply-constrained areas (the A, A bis and B1 zones under the current Pinel scheme). Reservations were strong in both the Paris region (up 20%) and the rest of France (up 17%).

Excluding external growth transactions, a total of 11,165 units were reserved in the first nine months of 2017, up 7% compared with the same period a year earlier. Expected revenue from reservations came to €2,134 million including VAT, an increase of 11% compared with the first nine months of 2016.

In the third quarter of 2017, net new home reservations in France were up 33% by volume and 37% by value year-on-year (26% by volume and value on a like-for-like basis). This acceleration reflects a corrective bounce following the

⁵ Source: Commissariat Général au Développement Durable (Sit@del2 database)

⁶ Source: Observatoire Crédit Logement



slowdown in reservations noted in the second quarter, against the backdrop of elections in France, postponed bulk sales and sustained underlying demand.

Steady progress continued to be made on integrating the businesses acquired through external growth transactions in 2016. Edouard Denis is expected to book at least 2,000 reservations in 2017 (as against some 1,450 units in 2016). Nexity has increased its market share growth target to at least 1 percentage point relative to 2016 (i.e. to more than 13.5% market share).

<i>Breakdown of new home reservations by client – France (number of units) On a like-for-like basis</i>		9M 2017		9M 2016	
Homebuyers		2,750	25%	2,692	26%
	<i>o/w: - first-time buyers</i>	2,083	19%	2,066	20%
	<i>- other homebuyers</i>	667	6%	626	6%
Individual investors		4,970	45%	4,700	45%
Professional landlords		3,445	31%	3,005	29%
Total new home reservations		11,165	100%	10,397	100%

Reservations by first-time buyers held steady in the first nine months of 2017 compared with the year-earlier period (up 1%) and 59% of these buyers were granted PTZ interest-free loans (including 97% in supply-constrained areas).

Reservations by individual investors rose in the first nine months of 2017 (up 6% compared with the year-earlier period) with 56% of these reservations qualifying for the Pinel scheme (including 93% in supply-constrained areas).

Reservations by professional landlords were up 15% compared with the first nine months of 2016 and accounted for 31% of all new business (versus 29% at end-September 2016), with a decrease in the share of reservations made by social housing operators (78% at end-September 2017, compared with 84% at end-September 2016) and an increase in the share of reservations for intermediate housing (14% at end-September 2017, versus 8% at end-September 2016).

<i>Average selling price & floor area*</i>	9M 2017	9M 2016	Change %
Average home price incl. VAT per sq.m (€)	3,872	3,784	+2.3%
Average floor area per home (sq.m)	56.3	55.9	+0.8%
Average price incl. VAT per home (€k)	218.1	211.4	+3.2%

* Excluding bulk reservations; reservations by Iselection, PERL, Edouard Denis and Primosud; and international operations

The average price including VAT of new homes reserved by Nexity's individual clients in the first nine months of 2017 was up 3% compared with the same period in 2016, reflecting among other factors a slight increase in the average price per square metre.

On a like-for-like basis, the average level of pre-sales booked at the start of construction work came to 79% in the first nine months of 2017 (versus 72% in the year-earlier period), an exceptionally high level.

Nexity launched a total of 15,839 units in the first nine months of 2017 (48% more than in the first nine months of 2016). Unsold completed stock (148 units) as a proportion of the total supply for sale (8,561 units) remained very low.

At end-September 2017, the business potential for new homes⁷ was up 22% from end-September 2016 and came to 44,332 units, the equivalent of 2.5 years of development operations (on a like-for-like basis, 37,513 units, equating to 2.4 years' business).

⁷ Business potential includes the Group's current supply for sale, its future supply corresponding to project phases not yet marketed on purchased land, and projects not yet launched associated with land secured under options



Subdivisions

Subdivision reservations totalled 1,681 units, 13% higher than in the first nine months of 2016, matching the momentum of the single-family home market. Of this total, 22% were in supply-constrained areas, and it should be noted that the business activity in the remaining areas may be affected by changes in the French government's housing policy. The average price of net reservations made by individuals rose 3% to €77k, accompanied by increases in average subdivision size (up 1%) and the average price per square metre (up 2%).

International

Nexity recorded 212 international new home reservations in the first nine months of 2017, mainly in Poland (37% lower than in the year-earlier period, which also includes reservations in Italy).

Commercial real estate⁸

At end-September 2017, commercial real estate investments in the French market amounted to €12.7 billion, down 21% relative to end-September 2016. Office assets accounted for 75% of these investments, with prime yields still at record lows. Investment volumes are expected to remain at a high level in 2017 as a whole.

Take-up of office space in the Paris region increased slightly, with nearly 1,800,000 sq.m marketed in the first nine months of 2017, up 2% year-on-year. Prime headline rents were very slightly higher than the previous quarter.

Nexity booked orders totalling €143 million at end-September 2017 (including €66 million in the third quarter of 2017), 60% of which were for properties in the Paris region, with the remainder in the rest of France.

Nexity entered into an agreement with Unofi Gestion d'Actifs, acting on behalf of SCPI Notapierre, for the off-plan sale of the Pegase office building in the Bordeaux suburb of Le Haillan. The three-storey property, with a total floor area of 6,700 sq.m, is scheduled for delivery in the second quarter of 2018 and is to be certified to both Passeport HQE and BREEAM Excellent. It will house the offices of the authorities for the western division of Bordeaux Métropole. This project, which results from the takeover of Thaliem Promotion's land portfolio, strengthens Nexity's geographic presence in a new region, following a number of orders for wood-frame office complexes in the city of Lille and its environs.

Satisfactory progress was made on projects currently in the set-up phase, which are expected to be marketed in coming quarters.

Services

In **Real estate services to individuals**, the portfolio of units under management totalled 885,000 units at 30 September 2017, representing a slight decrease over the period (down 0.8% on a like-for-like basis⁹) and an improvement compared with the first nine months of 2016 (down 2.4%). The brokerage business continued to grow, with the number of provisional sale agreements signed up 3% relative to end-September 2016. The proportion of exclusive agency contracts is very satisfactory, rising to 58% at 30 September 2017 (from 54% a year earlier), reflecting success at building client loyalty. Nexity Studéa, which specialises in managing student residences, saw its occupancy rate increase to 89.9% in the first nine months of 2017, compared with 87.6% in the year-earlier period.

In **Franchise** operations, Century 21 and Guy Hoquet l'Immobilier signed 9% more provisional sale agreements in the first nine months of 2017 than during the same period the previous year, in a French market for existing properties

⁸ Source of market data: CBRE, MarketView Investment France and Paris region Offices – Q3 2017

⁹ Attrition of 1.4% at current structure



having reached an all-time high.¹⁰ There were 1,270 franchised agencies at end-September 2017, up from 1,217 at end-December 2016.

In **Real estate services to companies**, total floor area under management came to 11.6 million sq.m at end-September 2017, down 6% from end-December 2016, following the end of a management contract for more than 530,000 sq.m. New management contracts are currently being negotiated and are expected to be finalised in the coming quarters.

Urban regeneration (Villes & Projets)

During the third quarter of 2017, Nexity added to its portfolio a new major development programme in the vicinity of the future Bry-Villiers-Champigny station on the southern section of the new Line 15, part of the Grand Paris project. This mixed-use development will comprise 140,000 sq.m of space, divided between residential units and business premises. At end-September 2017, Nexity's urban regeneration business (*Villes & Projets*) had a land development potential of 641,000 sq.m¹¹.

Digital and Innovation

Nexity continues to invest around €20 million a year in digital technology and innovation, split between in-house digital transformation projects and investment in new services through direct investments (Blue Office, Bien'ici, E-gérance, etc.), partnerships with start-ups (Cowork.io, Lucibel, etc.) and investments with venture capital funds.

Nexity's initiatives during the third quarter of 2017 included:

- opening a new smart agency in Strasbourg, offering existing as well as new-build properties and an enriching experience for Nexity clients;
- taking part in the financing of Realiz3D, a start-up specialising in the creation of interactive 3D models of homes accessible via the internet and across all digital devices; and
- engaging with its entire ecosystem through a hackathon to generate ideas for new services to address the challenges raised by an ageing population and meet the expectations of seniors as well as caregivers.

In addition, Bien'ici – a next-generation property listings website in which Nexity has a 48% stake alongside a consortium of real estate professionals (*Consortium des Professionnels de l'Immobilier*) – continued to receive a growing number of membership requests from professionals wishing to place paid listings (with more than 7,000 member agencies at 30 September 2017).

Success of the capital increase reserved for Nexity employees

On 28 July 2017, Nexity completed a leveraged capital increase, with a capital guarantee, reserved for employees known by the name "aXion 2017-2022". A total of 550,000 new shares (0.99% of the share capital at 30 June 2017) were issued at a price of €41.36, representing a 20% discount against the reference price calculated for the issue. Nearly 3,300 employees (over 50% of the eligible salaried workforce), subscribed to the issue, which was oversubscribed three times.

The level of interest and the subscription rate, both the highest ever reached by Nexity for a capital increase reserved for employees, demonstrate their strong attachment to Nexity's strategy and vision, but also Nexity's own commitment, since its initial public offering, to expand direct and indirect employee ownership. At 30 September 2017, Nexity's managers and employees held 16.2% of its share capital.

¹⁰ Market totalling 921,000 transactions at the end of June 2017, equating to growth of 9% relative to end-2016 (CGDD projections based on data from DGFIP [MEDOC] and notarial databases)

¹¹ Floor areas are provided for information purposes only and may be subject to adjustment once administrative authorisations have been obtained



9M 2017 revenue

In the first nine months of 2017, Nexity's **revenue** was up 11% over the year-earlier period to €2,250 million, with increases across all the Group's divisions. On a like-for-like basis, excluding Edouard Denis and Primosud, the Group's revenue for the first nine months of 2017 came to €2,207 million, up 9% compared with the same period in 2016.

€ millions	9M 2017	9M 2016	Change %
Residential real estate	1,627.2	1,457.5	+11.6%
Commercial real estate	246.0	189.4	+29.9%
Services	373.1	368.5	+1.3%
Other activities	3.5	3.4	+1.3%
Total Group revenue*	2,249.8	2,018.9	+11.4%

* Revenue generated by the Residential and Commercial divisions from VEFA off-plan sales and CPI development contracts is recognised using the percentage-of-completion method, i.e. on the basis of notarised sales and pro-rated to reflect the progress of incurred construction costs.

Residential real estate revenue totalled €1,627 million, up 12% year on year. This growth reflects the increase in the division's backlog observed over the previous quarters.

On a like-for-like basis, the division's revenue for the first nine months of 2017 came to €1,585 million. Revenue generated in the first nine months of 2017 by Edouard Denis and Primosud (€152 million) is only recognised in the amount of €43 million as part of consolidated revenue due to the adjustment for the effects of PPA (purchase price allocation), which involves the elimination of the portion of revenue relating to business activity prior to the acquisitions.

Revenue for the **Commercial real estate** division was substantially higher than in the first nine months of 2016 (up 30%), at €246 million, reflecting the ramp-up of projects signed in 2015 and 2016.

The **Services** division generated revenue of €373 million, up very slightly year on year. Higher revenue from property management for individuals and franchise networks offset lower revenue from real estate services to companies.

As in the first nine months of 2016, revenue from **Other activities** was not significant.

In IFRS terms, revenue for the first nine months of 2017 was €2,145 million, up 10% compared to consolidated revenue of €1,954 million for the nine-month period ended 30 September 2016. This figure excludes revenue from joint ventures, in accordance with IFRS 11, which requires joint ventures to be accounted for via the equity method instead of proportionately consolidated as they were previously.



Backlog at 30 September 2017

<i>€ millions, excluding VAT</i>	30 September 2017	31 December 2016	Change %
Residential real estate – New homes	3,762	3,227	+16.6%
Residential real estate – Subdivisions	245	237	+3.4%
Residential real estate backlog	4,007	3,464	+15.7%
Commercial real estate backlog	452	544	-16.9%
Total Group backlog	4,459	4,008	+11.3%

The Group's **backlog** at end-September 2017 stood at €4,459 million, up 11% relative to year-end 2016 and equivalent to 19 months' revenue from Nexity's development activities (revenue on a rolling 12-month basis).

Order book in the **Residential real estate** division totalled €4,007 million, up 16% compared to 31 December 2016. This backlog amounts to 20 months of revenue (Residential real estate division revenue on a rolling 12-month basis).

The **Commercial real estate** division's backlog dropped to €452 million at 30 September 2017 (compared with €544 million at year-end 2016), as the new orders received did not offset the revenue generated during the first nine months of 2017. This backlog amounts to 15 months of revenue (Commercial real estate division revenue on a rolling 12-month basis).



Financial calendar and practical information

2017 annual results	Tuesday, 20 February 2018 (after market close)
Q1 2018 business activity and revenue	Wednesday, 25 April 2018 (after market close)
Shareholders' Meeting	Thursday, 31 May 2018
2018 interim results	Wednesday, 25 July 2018 (after market close)

A **conference call** on 9M 2017 revenue and business activity will be held in English at 6:30 p.m. CET on Wednesday, 25 October 2017 and may be accessed using code 2604488 by calling one of the following numbers:

- From France +33 (0)1 76 77 22 57
- From other locations in Europe +44 (0)330 336 94 11
- From the USA +1 719 457 10 36

The presentation accompanying this conference will be available on the Group's website from 6:15 p.m. CET and may be viewed at the following address: <https://edge.media-server.com/m6/p/ghv3cm75>

The conference call will be available on replay at <http://www.nexity.fr/immobilier/groupe/finance> from the following day.

Disclaimer

Information, assumptions and estimates that the Company could reasonably use to determine its targets are subject to change or modification, notably due to economic, financial and competitive uncertainties. Furthermore, it is possible that some of the risks described in Section 2 of the Registration Document (Document de référence) filed with the AMF under number D.17-0335 on 6 April 2017 could have an impact on the Group's operations and the Company's ability to achieve its targets. Accordingly, the Company cannot give any assurance as to whether it will achieve its stated targets, and makes no commitment or undertaking to update or otherwise revise this information. This press release is considered to be a quarterly financial report as defined in the Transparency Directive transposed by the AMF.

AT NEXITY, WE AIM TO SERVE ALL OUR CLIENTS AS THEIR REAL ESTATE NEEDS EVOLVE

Nexity offers the widest range of advice and expertise, products, services and solutions for private individuals, companies and local authorities, so as to best meet the needs of our clients and respond to their concerns.

Our business lines – real estate brokerage, management, design, development, planning, advisory and related services – are now optimally organised to serve and support our clients.

As the benchmark operator in our sector, we are resolutely committed to all of our clients, but also to the environment and society as a whole.

Nexity is listed on the SRD and on Euronext's Compartment A

Nexity is included in the following indices: SBF 80, SBF 120, CAC Mid 60, CAC Mid & Small and CAC All Tradable

Ticker symbol: NXI – Reuters: NXI.PA – Bloomberg: NXI FP

ISIN code: FR0010112524

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ANNEX

QUARTERLY FIGURES

OPERATIONAL REPORTING (In accordance with IFRS but with joint ventures proportionately consolidated)

Reservations: Residential real estate division

	2017			2016				2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Number of units</i>											
New homes (France)	4,821	4,288	3,506	5,201	3,624	4,121	2,947	4,237	2,368	2,949	2,187
- o/w 2016 external growth	638	399	413	547	295						
Subdivisions	522	680	479	1,027	420	654	417	925	400	556	321
International	69	106	37	141	95	170	73	133	103	42	14
Total (number of units)	5,412	5,074	4,022	6,369	4,139	4,945	3,437	5,295	2,871	3,547	2,522
<i>Value, in €m incl. VAT</i>											
New homes (France)	915	858	655	969	666	772	536	803	473	595	415
- o/w 2016 external growth	137	82	75	90	48						
Subdivisions	42	53	35	87	30	48	32	69	29	45	23
International	6	14	9	21	17	28	13	19	15	6	2
Total (€m incl. VAT)	964	925	699	1,076	713	848	581	891	516	646	440

Revenue by division

	2017			2016				2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>€ millions</i>											
Residential real estate	553.6	625.8	447.8	809.9	475.4	549.3	432.8	809.3	460.3	531.5	360.5
Commercial real estate	103.6	56.7	85.8	117.5	60.6	61.3	67.6	74.2	102.8	116.5	85.7
Services	127.5	124.3	121.3	125.6	124.8	122.8	120.9	131.3	129.8	121.2	121.5
Other activities	0.6	1.7	1.1	0.9	0.6	2.1	0.7	1.3	1.2	9.0	1.0
GROUP	785.4	808.5	656.0	1,053.8	661.4	735.6	621.9	1,016.0	694.1	778.2	568.7